

August 16, 2010

After further consideration, ACS offers the following supplemental clarifications:

2) Additional specificity about the 200 call center jobs

- a) ACS has committed to identifying 200 jobs not currently located in the City of Indianapolis and moving those jobs to the City for a seven year period beginning in the third year of the Concession. ACS will track those 200 identified jobs on an annual basis. For purposes of tracking, the goal is for there to be an average of 200 identified jobs in the City each year beginning no later than two years after contract signing. To the extent that ACS falls short of hitting the target of an average of 200 identified jobs, the City will receive an incremental payment of \$166.67 per job per eligible month, for an annualized value of **\$2,000** per job. The determining calculations will be made monthly.
- b) With respect to the location of the identified jobs, ACS will commit to a minimum of **50** of the 200 identified jobs being located in Center Township and will make best efforts to locate all of the identified jobs in Center Township. For purposes of calculating the number of jobs located in Center Township, ACS will count staff located at a job site within Center Township as well as @Home employees living in Center Township.

3) Financial commitment to and/or support of downtown community organizations.

- a) By leveraging our team's unique and local understanding of the parking needs in Indianapolis, we have determined that the Broad Ripple area requires additional focus and attention to adequately support its parking needs. Below are several targeted campaigns we suggest for Broad Ripple.

Community outreach and public education:

- i) Proactive outreach is critical to the success of metered parking management, especially in areas with residential elements. In addition to chambers of commerce and businesses, other stakeholders must be engaged. Motorists, residents, bicyclists, schools, and other institutions should be invited to participate in these Broad Ripple community meetings. ACS will document participants, answer questions, accept both positive and negative feedback and, most importantly, explain the goals behind

metered parking. Online feedback can be solicited as well. Customer satisfaction in Broad Ripple is an important metric to ensure success

- ii) ACS can program its metered parking devices to accept gift cards offered by neighborhood businesses, expanding their use beyond restaurants and merchants to parking.
- iii) Community meetings will be used to further modify strategies concerning convenience, enforcement, messaging and communication, operations (including rates, hours), and ongoing community involvement.
- iv) An important note: community meetings represent the beginning of an ongoing relationship that recognizes the necessity for the meter system to evolve with the needs of businesses, neighborhoods, and motorists.

ACS will provide valuable parking management consulting services, including an economic development study to evaluate the impact of parking program improvements through enhancements to residential parking permits, parking turnover, enforcement, and identifying locations for potential parking structures:

- i) Through its industry consulting resources, ACS will conduct a parking study to specifically evaluate the needs of Broad Ripple. Economic development is an extension of parking space optimization. As noted above, ACS believes that parking is a lifecycle with each component providing critical data for management. ACS can help the City to generate turnover and availability through dynamic, variable rate, and incentive-based pricing. ACS will improve residential permitting processes through online and on-street purchases and printing. Further, we will provide the City with information allowing it to make important decisions about hourly rates, hours, and days of operation.

Adding 65 new spaces identified:

- i) The ACS Team has identified 65 potential new spaces in the Broad Ripple area beyond what was investigated by the City. ACS will study the viability of these spaces and assess the inclusion of such as additions to the parking system. Adding meters is critical to any congestion reduction strategy. Free parking promotes cruising, and parking meters can mitigate traffic while reducing pollution.

Develop a business case for adding a parking structure along with a partner real estate developer:

- i) As part of the Broad Ripple economic development parking study, ACS will evaluate different property locations for viability of adding permanent or temporary parking structures to meet the growing parking demand. ACS is prepared to engage potential real estate developer partners should the business case demonstrate the project is viable.
- b) All of the ACS partners involved in the Indianapolis parking meter transformation project have long histories of charitable and philanthropic giving and volunteerism. In addition to those existing contributions, ACS will make an additional minimum commitment to community organizations in Indianapolis of \$25,000 per year. Over the course of the fifty-year contract term this amounts to a minimum of \$1,250,000.

4. **Value of Jobs placed in Indianapolis**

As noted above, ACS will create additional economic value through its commitment to identify 200 jobs not currently located in Indianapolis and move those jobs to the City. There are, however, other important factors that the City should consider including that ACS is making this commitment without the City being asked to provide economic development incentives, tax abatement, training funds, or any investment in infrastructure. ACS recognizes the value of the jobs to be placed into the City is difficult to determine. Below please find a few methodologies that illustrate the economic impact.

Baseline Assumptions:

ACS plans on placing 200 jobs in the City. If we assume a conservative average total compensation of only \$20,000, then the direct wages will be \$4,000,000 per year and \$28 million over 7 years.

Methodologies:

- a. Direct Method – Utilizing the \$4 million in annual compensation and discounting these payments back utilizing a discount rate of 8%, a net present value of \$20,825,480 is reached.

Multiplier methodologies:

- b. Okun's Law – Okun's Law states that a one point increase in the unemployment rate is associated with two percentage points of negative growth in real GDP. The inverse of this statement implies that there is a two to one positive relationship between the creation of jobs and the creation of output. As a result, the overall benefits to the City could be measured as being twice as great as the amount calculated previously or \$40 million.
- c. Kentucky Cabinet for Economic Development 'Economic Impact of Gaining or Losing 100 Jobs: 2006' – This report breaks down the impact of jobs from a direct, indirect and induced methodology. The average total economic multiplier for the various industries is 1.95x and the median is 1.87x. If we consider these positions to be either in information (1.96x multiplier) or in social assistance information (1.86x multiplier), then using a 1.9x multiplier would be appropriate. From this basis, the net present value of the economic impact with this multiplier would be \$39.5 million.
- d. California Research Bureau Letter to the California State Senate regarding a 'Request for information on the economic effects of job creation' dated February 3rd, 2010 – This letter analyzes the impact of the creation of 100,000 jobs in California. This letter illuminates the numerous secondary effects of job creation. Some highlights from this report include the net increase of jobs would be 3 times that of the original increase. The letter states 'We conservatively assume a household earnings multiplier of 2.0 (i.e., that a \$50,000 job would have a total effect of \$100,000 in household earnings on the state) and a 3.0 employment multiplier (i.e., that each new \$50,000 job leads to the creation of two additional jobs in the state).' Using this as a baseline, we can infer that instead of 200 jobs being created, an additional 400 jobs may result

from an 'indirect' multiplier effect. Additionally, we may see twice the household earnings impact. The final point this letter makes is that there are avoided costs through cash and in-kind benefits and program costs avoided when previously unemployed or underemployed individuals obtain new jobs. With these considerations, the valuation of the proposed jobs increases to approximately \$60 million.

- e. Congressional Budget Office Report. In the 'Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output as of September 2009' report published by the CBO in November 2009, transfer payments to individuals (e.g., food stamp and unemployment benefits) are calculated with a multiplier of 0.8 – 2.2. Conservatively, using a midpoint multiplier against baseline, the overall benefits to the City could be seen as 1.5 times as great as the amount calculated previously or \$30 million.

In summary, ACS' jobs commitment can be valued between \$20 million and \$60 million based on the calculation methodology selected. Using a conservative midpoint, the City of Indianapolis could easily enjoy an additional \$40 million in expanded economic activity.